Available online at www.sciencedirect.com

SciVerse ScienceDirect

Procedia - Social and Behavioral Sciences 35 (2012) 772 – 781

Procedia
Social and Behavioral Sciences

AicE-Bs 2011 Famagusta

Asia Pacific International Conference on Environment-Behaviour Studies, Salamis Bay Conti Resort Hotel, Famagusta, North Cyprus, 7-9 December 2011

Conflict Prevention in Partnering Projects

Hamimah Adnan*, Siti Mazuana Shamsuddin, Azizan Supardi and Norizan Ahmad

Department of Quantity Surveying, Universiti Teknologi MARA (UiTM), 40450 Shah Alam, Malaysia

Abstract

This paper aims to identify conflicts in Partnering arrangement between contractors in Malaysia, the barrier encountered and suggestion in preventing conflict in Partnering. It was found that partnering is an effective way to improve conflict by having good relationships among parties involved which involves mutual objectives, commitment, trust and teamwork among the parties in achieving goals. It is recommended that by attending workshop is the best way to spell out partner responsibility and scope of work. It is hope that possible measure need to be carried out as early as possible to avoid conflicts in the partnership.

Keywords: Partnering; conflicts; conflict resolution

1. Introduction

Malaysian construction industry is fragmented due to the commonly use of traditional procurement method and although, the construction industry has undergone a lot of changes, the relationship between owners, consultants, contractors, sub-contractors, and suppliers is still remained by a process so called

* Corresponding author. Tel.:6012-2096157.
E-mail address: mimad856@gmail.com.

doi:10.1016/j.sbspro.2012.02.148

"tender". Lately, it has been much modern procurement being introduced to and adopted by the local construction industry, namely Design and Build (famous with the name of 'Turnkey'), management contracting and construction management. Every procurement method has their own benefit such as to speed up the construction duration, to reduce cost and time and others. But, many problems still exist during the construction industry. There are many conflict will arise between parties involved until bring to the court and involved high cost to settle it. Now, this problem is not a secret in construction industry. Conflict started to arise form briefing until the completion of the project (Gardiner & Simmons, 1995). It is not a familiar problem but it can quickly go up into full-blown conflicts; adversarial positions taken by the various parties involved in a project that may lead to disturbed schedules and costly litigation. In order to reduce this problem, the participants should build a good relationship between the parties involved. Trust is one of the requirements in partnering that can help to reduce the conflict in construction.

Partnering in not a contract, but is a set of actions that helps project teams improve their task in work together to share the risk or any problems that arise in construction industry. It is all about a culture that change worker to work as a team to achieve the same goals as to get a better work and saving cost. It developed as project teams cooperate in finding the most effective ways of achieving agreed objectives. Partnering also involved members working together to solve the problem at the lowest possible level and can also reduce the cost and time with good service delivery to fulfil the client requirements. It will also maximize the effectiveness in working together to share any risk that will arise anytime during the construction process.

Partnering procurement increasingly more popular, this method of contracting is seen to be the most preferred style for the Malaysian contractors when they venture overseas. Furthermore, a local partner lowers the execution risks due to familiarity of the local terrain. This is especially useful for highly-deregulated countries in the emerging markets. (JP Morgan, 2008). Partnering system is very effective too when apply in our country. Partnering involves collaboration not just between the client and the contractor, but more importantly, along the entire construction industry value chain. This includes players like architects, civil engineers and quantity surveyors. Such an approach will change the construction game from one that is zero-sum (where one player's gains come from another player's losses) to one that is positive-sum (where one player's gains do not have to be derived from another player's losses - "win-win" situation) (CIMP, 2005).

2. Partnering Concept and Definition

2.1. Partnering Concept

Broome (2002) stated that "in reality, there are so many concepts and techniques that can be used under the banner of partnering. Which ones are used is used to depend on your company's circumstances, business drivers, culture, attitude to risk, and existing relationships with contractors and suppliers, length of time partnering and et cetera".

In Broome (2002) each phase of partnering tends to build on the previous one. For instance:

- You may initially select a partner on a competitive bid price and against weighted criteria.
- For the next project you may ask fewer contractors to tender and pick a preferred contractor to negotiate with to finalize the details of the contract and price.
- Following this, you may do the same but under a target cost contract.
- On the nest contract you may ask a contractor to work with your consultant to develop the design, and then develop a target price on an open book basis (in which the contractor reveals all the subcontract quotes and cost make-up)

- Following this, depending on the project type, you may invite your mechanical, electrical, civil engineering contractors to work with your consultants under a project alliance in which each of the main parties' fortunes are tied to the success of the project, not to their individual contract.

Matthews et al. (2000) has stated that, essentially the relationship is based on trust, dedication to common goals and an understanding of each other's individual expectations and values. Without trust, teams lack the basis for open, mutual learning, communication and real integration. Trust allows teams to focus interests rather than on personalities or positions. Trust promotes openness and encourages people to put their cards on the table. A sign of trust between two parties is that they are both committed to try to understand each other's point of view and work together for the success. It relates to reliability and integrity of the partners (Botha and Waldt, 2009).

According to Tennyson (2003), workshops are organized to establish a platform for exchanging information in a construction network. The gathering of information in the partnering workshops includes skills, comments, ideas, data, facts and knowledge. The backbone of the workshops is to address key issues highlighted by Bennett and Jayes (1998), as well as work done within the Centre of Construction Innovation on trust as part of an EPSRC project (Swan and Khalfan, 2007). The key goals of the workshop are to define:

- Awareness raising, where appropriate;
- Mutual objectives;
- Performance measurement frameworks;
- Roles and responsibilities;
- Tools and processes.
- Greater certainty of the outcome in cost and time;
- Reduced wastage;
- Improving communications;
- Improving safety;
- Reduced costs associated with disputes; and
- Potential for continuous improvement.

Matthews' (1996) research identified that the benefits of partnering can be achieved in the following areas; contractual situation, communication and information flow, level of understanding, efficiency of resources, financial position and quality.In sum, partnering aims at empowering problem solving at the lowest possible level and earliest possible time and over the shortest possible period. If the team members could come to agreement, they do not need help from above. But, if the problem is not resolved in a timely manner on one level of management, the issue then escalates according to a pre-arranged formula. The leadership involvement in partnering process is critical. The leaders must not only agree to partnering but drive it and to drive it as early as possible (Stevens, 2004). Barlow et al. (1997) describes partnering "as a set of processes to aid inter organizational collaboration and improve performance". He adds that this form of collaboration is consciously enforced in order to build a high degree of mutual trust. Essentially, respect evolves from trust. Without trust, we get incipient paranoia, the stuff of adversarial conflict.

2.2. Partnering Component

According to Ghazali (2004), the basic component of a partnering relationship is:

- A collectively developed mission statement

The mission must be decided and clear to make the participants knows their boundary to achieve the mission. So that, any project will be going smoothly in fulfill its function and requirements.

- A collectively developed charter that contains specific goals and objective

Partnering charter is a psychological contract or a "handshake" among men and women of honor, which defines how they agree to work with each other, and the major objectives they are attempting to accomplish. Every participant must play their role in to develop a partnering charter to develop good relationships between them which contain specific goals and objective.

- An effective communication system

The communication is very important to improve the relationship between participants. It is encourage them to work together as a team.

- An effective monitoring and evaluation system

Every stage in activities in project must be effective to monitor and evaluation the system. It is very important to observe the progress of project and can overcome any problem that arise during execute and before execute the project.

- An effective conflict resolution system.

Five basic conflict resolution strategies are identified by Direct Simulation Monte Carlo method is avoiding, forcing, accommodating, compromising, and collaborating. Regardless of the source of the conflict, the "competing" or adversarial conflict resolution strategy typically employed when these conflicts occur, wastes significant manpower and dollar resources. In addition, it tends to cause resentment in the other party and a long-term deterioration of the business relationship among the parties.

3. Partnering in Malaysia

3.1. The Malaysian Construction Industry

The construction industry plays an important role in any country's economic development. It establishes the infrastructure required for socioeconomic development while being a major contributor to overall economic growth (Abdullah, 2004). The Malaysian Construction Industry Master Plan mentioned that the construction industry and the private sector assume an important role in generating wealth and improving the quality of life for Malaysians through the translation of Government's socio economic policies into social and economic infrastructures and buildings. The construction industry also provides job opportunities to approximately 800,000 people. Further, the construction industry creates a multiplier effect to other industries, including manufacturing, financial services and professional services. As Malaysia moves from developing country status towards a developed and industrialized nation as envisaged in Vision 2020, its construction industry will need to respond to the changes in construction demand. Any attempt to formulate strategies for fulfilling future demand would require a reliable understanding of the past and present scenario of the industry (Abdullah, 2004). As the conclusion, the performance and the prospects for the economy have implications for the industry, construction industry development should be considered in the context of a country's economic development.

The type of partnering approach chosen will depend on the nature of the project and preference of the clients. Encouraging a collaborative attitude would bring construction players together to achieve shared goals and resources, and to encourage free flow of communication. This would help to integrate the construction industry and bring about improvements in cost and quality control. It would also better enable the construction industry players to provide total solutions to their clients (CIMP, 2007). Changes must be made to the procurement process in order to take full advantage of the benefits of partnering. A procurement mechanism that requires partnering from the outset will help the integration of the supply chain and will improve the client-customer relationship. Furthermore, forming strategic partnerships commencing with procurement will bring even greater efficiency to construction. Therefore, it is recommended that public sector projects over a certain size or of certain specifications be required to

undertake a partnering procurement method. In the future, evaluation of contractors is not only limited to specialization, but also the ability to provide value-added services through partnering with other players in the value and supply chain. Only through the demand push can there be a change of mindset. Both public and private sector clients need to be educated on the various types and benefits of partnering approach. Certain tax incentives should also be extended to those who adopt a more integrated approach to construction (CIMP, 2007).

4. Conflict in Partnering in Malaysia

4.1. Parties Involved in Conflict In Construction

Clegg (1992) stated that the parties involved in conflict in construction industry are Client, Developer, Project Manager, Consultant team (Engineer, Architect, and Surveyor), Contractor and Sub contractor, Supplier and Financier.

4.2. Factors Influencing Conflict in Partnering

4.2.1. Relationship problems

When conflict enters the relationship between parties involved, the relationship will become apart. The unchanged traditional relationship inappropriate attitudes hamper the development in project.

4.2.2. Distrust

Construction industry must faces with a distrust between a parties involved. To develop trust for each other might be a risk in itself, although it is the key element if successful project because any people that we put a trusses can become a deserter. It is difficult to build trust since parties have a past adversarial and bad experience in trust people when work together to achieve goal.

4.2.3. Failure of sharing risk

When the risk comes to the project, the responsible parties must handle it together. If failure to share it, it is become another barrier to success in project. Any risk must be analyze together and contribute it to many parties in design team before the construction stage is start. When the design team was failure to share the risk, it will become another barrier to the success of construction industry project.

4.2.4. Culture barriers

Majority workers hard to change and follow the culture where the leader try to change it to make a one base of culture because certain people when they need to change their culture, they will protest strongly and make a bad reputation that will affect the progress of construction industry. Very often bureaucratic organizations obstruct the effectiveness of construction activity.

4.2.5. Uneven activity

Construction industry requires the commitment of all workers participants; it means overcoming the perceived risk of trust and requires actual commitment rather than lip service. Project participants must

have total commitment to the construction industry process, but an uneven level of commitment is common in practice because of differing goals among parties (Moore et al. 1992). As a result, the project was full of misunderstanding and intractable conflicts. All contracting parties should devote more effort to balance the levels of commitment on each side (Moore et al. 1992).

4.2.6. Communication problems

Communication should be two-way, clear and effective and open so that the understanding of client's requirements is enhanced. On management of construction industry, sometimes it was provides a timely, open and direct line of communication among all parties. Problem needs to surface and be solved on-site whenever possible (Moore et.al. 1992; Sanders and Moore 1992). Nevertheless, various partners do not trust each other completely and are not willing to communicate and exchange information freely and results in less collaboration and unreasonable demands due to the ignorance of other parties. Therefore open, honest, and effective communication is the key ingredient for construction industry success.

4.2.7. Lack or continuous improvement

Traditional responsibility for continuous improvement normally rests with contractors but is a joint effort to eliminate waste and barriers (Moore et.al. 1992; Brown 1994). That is difficult to maintain. Frequent barriers encountered in improvements schemes yields a good recognition of the inherent risks of alternative schemes (Cowan et al.1992).

4.2.8. Inefficient problem solving

It is very important in fast resolving when problem arise. When the responsible parties weak and slow in solve a problem, it will become worse. Another problem will accrue and effect to the past problem. The result, it will effect to the progress and quality of project. Problems do not disappear automatically with the signing of the construction agreement and conflict between parties become more badly.

4.2.9. Inadequate training

The proper or adequate training to workers is the one of the main ingredient to make the organization become success and smooth in handle any project. If there is inadequate training, it will become a barrier in execute the construction activities. If the organization implements a good training to the participants, any task or activities will become smooth and will not ruin the project.

4.2.10. Dishonorable relationship

Some practitioners improved relationship which could be abused by some contracting parties and lead to allegations of corruptions. To eliminate a discreditable relationship with other parties, project participants develop a comfort zone among others. The participants should refrain from establishing a closer relationship to avoid possible allegations of corruption. However, a trust relationship could not be

developed in this situation. They are advised to apply an independent ethics audit to define the company's value and principles.

4.3. Consequences of Conflict in Partnering

When conflict always arise in Partnering although the partnering is one of the methods that can improve the better relationship between parties involved in construction industry, it will cause of many consequences that can make many organization will not achieve goals successful. According to Systems Engineering Process Office (1997), they were investigated that the consequences of conflict in partnering can arise of:

Disputes between the user/customer and the developer:

- Delays in development of the product.
- Re-base lining to reduce or change requirements.
- Correction of defects.
- "Marching army" is expensive and reduces product performance.
- Disputes take place in a constrained funding environment.
- Mid-program disputes can result in loss of user advocacy and program cancellation.
- Late-program disputes force the user to take unacceptable products.

Disputes between the developer and the contractor:

- All of the above.
- Claims can and have been referred to the courts.

5. Analysis

5.1. Partnering and Disputes

100% of the respondents have an experience in partnering. The highest percentage of respondents is coming from the main contractor which carries 50% of the total respondents and the lowest percentage of 1.25% from technical team. It may due to their task or role as developer to fulfill the client requirements in any projects to produce the good quality products within the reasonable time and cost. 46% of respondents involved in partnering for 3-6 years. It shows that partnering is not new in Malaysia as according to CIMP 2005 statements. It can be concluded that partnering in Malaysia is strong and it need to improve construction industry role in Malaysian economics. Partnering in Malaysia is a good approach and arrangement and improved the relationship among the stakeholders. Respondents stated that partnering gave good contribution in economics. This question is to identify the contribution in economic by applying the partnering arrangement and its effectiveness in the construction. From the analysis, it was found that partnering need to improve in order to achieve excellent stage in economic contribution.

75% shows that there is many disputes in partnering, 14% mentioned there is no disputes is arise in partnering and 11% shows that sometimes disputes arise in partnering. This question is to identify the disputes in partnering whether it is many or not. From the analysis, it was found that disputes always arise in partnering. Although partnering is a process to achieve mutually beneficial goals and improve better relationship between two or more organization, it still causes conflicts. With that, every organization which applies the partnering arrangement needs to improve their better relationship to avoid conflicts.

5.2. Factors Influence in Conflict

Table 1 show that the ranking of factors that influence conflicts in partnering from the highest to the lowest factors. There are two highest factors which were insufficient efforts to keep partnering going and misunderstanding of partnering concept (4.48). It can be concluded that the participants in partnering is sluggish to keep partnering going and successful which may due to the bad relationship between participants. Partnering culture must be keep on going to get a good relationship on every parties involved. It is to share and handle any problem that will arise in any projects to achieve consistent goal. The lowest factor that influences conflicts in partnering was past conflict not end or settle (2.48). Past conflict which is not settled will give an impact to new conflict. It can be concluded that past conflict is always been settle in partnering and it is due to the parties involved in partnering just forgetting the past conflicts that can give bad impact in any projects. The average for all factors influence conflicts is 3.61 which need to improve a good relationship through trust and avoid dispute or conflicts. It still needs improvement to get a better partnering in Malaysia's construction industry.

5.3. Suggestion to Prevent Conflict in Partnering

Communication - Conflict normally relates to communication failure, misunderstanding, lack of commitment, wrong priorities and so on. A good partner with good proven track records, process quality management team, financially sound and has other good value will probably stand better chance to avoid conflicts..Religion is a mechanism to prevent conflict in partnering. In Malaysia, there are varies religion which have its own different reliance. It can influence relationship in partnering. When arise different reliance, it will arise some gap between parties. Every party must respect every participant's religion and try to focus on their responsibility and improve a better relationship. Knows each company better - it is important to know each company. It will make an easier to improve a better relationship in partnering. Every company will know the desire or requirement of each other and it can prevent conflict.

Full commitment by the participant - Partnering gives a priority to commitment of every participants. Van der Merwe and Basson (2006) have been stated that partnering attempts to establish working relationships among stakeholders through a mutually developed formal strategy of commitment and communication. Commitment can reduce or prevent conflicts between parties. Knowledge and experience in partnering can reduce conflicts. Participants will be experience in handle conflicts between parties and prevent it before become absorbed to another conflicts. Proper planning in early stage when partnering is applied is very important to sharing the risk and prevents conflicts. Proper planning must be done before any execution of task start.

6. Conclusion and Recommendation

Partnering is an effective to improve the relationship between one or more organization. It help the construction industry in Malaysia to establish working relationships among parties involved in terms of working toward mutual objectives, a commitment to monitoring of continuous improvement, as well as problem resolution in terms of the agreement. It is also attempts to create an environment where trust and teamwork prevent disputes and promote a good teamwork among the parties in achieving goals. The biggest factors contributing to conflict in partnering are insufficient effort to keep partnering going and misunderstanding of partnering concept. Partnering can be considered effective if each partner shared the same objectives and communication between parties being strengthened along the way until the project complete. From the analysis it can be concluded that the best effective approach to prevent conflict in partnering is know your partner better. Other than that determination of scope of work for each partner must be clearly stipulated at early stage of the project. It is recommended that attending workshop is the best way to spell out partner responsibility and scope of work. The workshop needed to be carried out as

early as possible to avoid conflicts in the partnership and communication skills need to be developed among partners. Technology enhancement could be the key to solve communication breakdown between parties.

References

Abdullah, F (2004) Abdullah, F (2004). Construction Industry - Economic Development: The Malaysian Scene . Malaysia: Penerbit UTM.

Barlow et al. (1997) .Towards Positive Partnering. Bristol: The Policy Press.

Bennett, J and Jayes, S (1998), The Seven Pillars of Partnering: Guide to Second Generation Partnering. London: Thomas Telford

Botha E, Waldt DLR vd (2010). Relationship antecedents that impact on outcomes of strategic stakeholder alliances, *African Journal Business Management, 4*(8): 1629-1638.

Broome, J. (2002). Procurement Routes for Partnering-A Practical Guide. UK, Thomas Telford Publishing.

Brown, J. (1994) 'Partnering to save troubled projects', *Journal of Construction Engineering and Management, Vol. 22* (4), 207-215.

Construction Industry Master Plan (CIMP): Malaysia 2006 – 2015 (2007), Construction Industry Development Board of Malaysia.

Clegg, S.R. (1992), 'Contract Cause Conflict', Construction Conflict Management and Resolution, Fenn, P and Gameson, R. (Eds), London: E & FN Spon.

Cowan, C., Gray, C., and Larson, E. (1992). ''Project partnering.'' *Journal of Project Management. , Vol 22* (4), 5–11.

Duncan, B. (2004),'Five Steps to Successful Strategic Partnering', Article in Sys-Con Media, Inc. USA.

Gardiner, P. D., and Simmons, J. E. L. (1994). 'An Exploration in Conflicts with Reference to Capital Investment Projects in Construction Industry', *Herriot-Watt University, Business School Working paper No. 38*.

Duan, L., Loh, J.T., and Chen, W.F. (1990). "M-P-F based analysis of dented tubular members". *Journal of Structural Engineering, 21*(8), 34-44.

Ghazali, N. (2004) 'partnering In Construction Industry', Lecture Notes, Fakulti Kejuruteraan Awam, Universiti Malaysia Perlis.

J.P Morgan (1998) 'World Financial Markets', October 2007 issue, New York.

Matthews et al. (2000) Quality Relationships: Partnering in the Construction Supply Chain. *International Journal of Quality & Reliability Management, 17* (4/5), 493-510.

Moore, C., Mosley, D., and Slagle, M. (1992). ''Partnering: Guidelines for win-win project management.'' *Journal of Project Management, 22* (1), 18–21.

Swan W, Khalfan MMA (2007). Mutual Objective Setting For Partnering Projects in the Public Sector. *Engineering, Construction and Architectural Management, 14*(2), 119-130.

Stevens, R. (2004). "Partnering, Environmental & Risk Management", *International Construction Conference 2004.* CIOB Malaysia.

System Engineering Process Office (1997), the MITRE Corporation, USA.

Tennyson R (2003). Institutionalising Partnerships: Lesson From the Front Line. International Business Leaders Forum.

Van der Merwe, F.J. and Basson, G.J. (2006) 'Partnering Within The Design Team', *Paper presented at the 5th Post Graduate Conference on Construction Industry Development,* Republic of South Africa.

Appendix A.

A.1. Table 1. Factors Influence in Conflict

Factors	Average Index
Insufficient efforts to keep partnering going	4.48
Misunderstanding of partnering concept.	4.48
Delegation of and limits to authority.	4.06
Resistance to change.	3.49
Communication barriers.	3.64
Inconsistent goals.	4.14
Input or instruction from leader	3.83
Cost control / contribution	3.59
Uneven commitment.	3.84
Management procedures and administration	3.96
Structure or task	3.75
Relationship problem.	3.79
Personality and inter-personal relationship	3.50
Lack of information.	3.46
Discreditable relationship.	3.45
Ambiguous roles.	3.25
Scheduling	3.88
Resource allocation.	3.26
Lack of continuous improvement.	3.25
Priority of goal / Objective	2.76
Cultural barriers.	3.01
Past conflict not end / settle	2.48
Total	3.61